

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service)	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

**COMMENTS OF RONAN TELEPHONE COMPANY  
AND HOT SPRINGS TELEPHONE COMPANY**

Ronan Telephone Company (RTC) and Hot Springs Telephone Company (HSTC), two small rural ILECs in Western Montana located on the Flathead Indian Reservation, respectfully submit the following Reply Comments in response to the FCC’s “Further Inquiry” issued August 3, 2011 (the Reply Comment deadline was extended to September 6, 2011; Order DA 11-1471).

RTC and HSTC strongly oppose the proposal before the Federal Communications Commission (the “ABC Plan”, and the “Consensus Framework”) that includes preemption of the authority of state regulatory commissions. If implemented, this plan

would preempt a number of responsibilities that are now exercised by state commissions, including intrastate access rates/tariffs, and ETC related responsibilities. We believe this proposal is unconstitutional and ill-advised policy, and makes a mockery of our well established constitutional principles of limited enumerated federal powers. The preemption proposals in the plan are contrary to the general constitutional principals of limited federal authority, as well as explicit statutory provisions of the Telecommunications Act.<sup>1</sup> None of the legal arguments set forth in the ABC Plan ("Attachment 5") are sufficient to empower the Commission to preempt state authority under current statutory and case law. RTC/HSTC support the following comments filed on August 24, 2011 on the subject of preemption: Nebraska Rural Independent Companies, pp. 15-42; NASUCA, pp. 28-35; NARUC, pp. 5-24; Delaware Public Service Commission, pp. 1-3; D.C. PSC, pp. 2-3; Iowa Utilities Board, pp. 3-5; Louisiana PSC, pp. 2-5; Maine PSC, Vermont PSB and Vermont DPS, pp. 15-17; Nebraska PSC, pp. 6-10; Ohio PUC, pp. 4-13; Oregon PUC, pp. 2-4; Pennsylvania PUC (Legal Memorandum Analysis, pp. 1-58); South Dakota PUC, pp. 4-5; and, Virginia State Corporation Commission Staff, pp. 3-4.

RTC/HSTC are also concerned by the fact that the proposed uniform access rate of \$0.0007 will clearly not cover the costs of providing switched access service in rural areas; and would leave small rural companies with insufficient revenues to continue to provide adequate service, maintain or invest in infrastructure, or expand Broadband or other advanced services in their service areas; *See Comments of:* NASUCA, p. 56; Nebraska Rural Independent Companies, pp. 62-69; ICORE, pp. 6-7; Louisiana PSC, pp. 3-4, Maine PSC, Vermont PSB and Vermont DPS, pp. 12-15; Nebraska PSC, pp. 18-19;

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<sup>1</sup> See e.g., 47 U.S.C. §152 [note, Title VI, Sec. 601(c) of the Act], 152(b), 201(a), 203, 214(e)(2), 221(b), 251(d)(3), 252(d), and 252(e)(3).

and Pennsylvania PUC, pp. 13-16 [all filed on August 24, 2011]. In addition, the uniform access rate proposal presents legal obstacles, including unlawful preemption and “taking” without just compensation.

Further, it appears that the “ABC/Consensus Framework” proposal would not alter or modify current middle-mile transport (e.g. Special Access) and transiting rates. This is a major oversight by the Commission in its efforts to expand Broadband coverage in the country. In particular, a major cost obstacle for affordable competitively provided Broadband in rural areas is obscenely high priced “back-haul” middle mile links to the Internet cloud.<sup>2</sup> In particular, our research indicates that rates in urban areas for wholesale Broadband traffic are approximately \$25 per megabit per month; while in rural areas, our experience is that the rates in towns such as Missoula or Billings, Montana (pop. 100,000-110,000) can be almost double the urban market rate, approaching approximately \$50 per megabit per month; while in sparsely populated rural areas, such as the Blackfeet Indian Reservation, wholesale broadband traffic rates are as high as \$300 per megabit per month, which is six times higher than the Montana larger town cost and 12 times higher than the rate in the urban core cities. This circumstance of obscenely higher wholesale prices for data services in the sparsest rural areas compared to urban areas, is exclusively due to monopoly transport rates up to **1200% higher** in rural areas, drastically effecting the ability to provide affordable, let alone competitive, Broadband service to those areas, and emaciating the promise of “reasonably comparable” urban and rural service; *See*, 47 U.S.C. §254(b)(3). The ABC/Consensus plan before the FCC fails to address this serious problem.

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<sup>2</sup> *See*, Nebraska Rural Independent Companies Comments, pp. 73-75 (Aug. 24, 2011).

Ronan Telephone and Hot Springs Telephone appreciate the opportunity to submit comments in this case.

DATED: September 6, 2011

Respectfully Submitted,

/s/

Ivan C. Evilsizer  
Attorney for Ronan Telephone Company  
and Hot Springs Telephone Company

Evilsizer Law Office  
2301 Colonial Avenue, Suite 2B  
Helena, MT 59601  
Telephone: 406-442-7115  
Email: i.c.evilsizer@gmail.com